



December 19, 2017

U.S. House of Representatives  
Washington, DC 20515

Dear Representative:

On behalf of Associated Builders and Contractors (ABC), a national construction industry trade association representing more than 21,000 members, I am writing to express our support for H.R. 1, the Tax Cuts and Jobs Act and applaud you for your efforts in accomplishing the first tax reform in over 30 years. **ABC urges you to vote yes on the Conference Report to Accompany H.R. 1 and will consider this a “KEY VOTE” for our scorecard on the 115th Congress.**

Ninety-nine percent of ABC members employ less than 100 workers and many of those businesses are family owned. ABC members will feel the direct positive impact of this bill with more money in their paychecks enabling them to invest back in their businesses, creating new jobs in their communities and driving growth. A lower tax rate on pass-through business income is critical to promoting investment and job creation by all businesses. Small businesses create the majority of jobs in the United States, and a lower rate will benefit the merit shop construction industry and its hundreds of thousands hardworking employees. For the construction industry’s many family businesses, the doubling of the estate tax exemption to \$11 million is a big win.

Under current law, construction pays the highest effective tax rate of any sector of the economy. Enactment of the Tax Cuts and Jobs Act will change that, with significant tax relief for businesses of every size and structure. The new 20% deduction for qualified pass-through income under section 199A brings the top effective rate for pass-through contractors to 29.6%, down a full ten points from today’s statutory top rate. The pass-through deduction will provide a boost to the vast majority of construction businesses, and the rest will benefit from the largest corporate rate cut in U.S. history.

In addition, ABC applauds the updated small business thresholds for various accounting methods. By raising the small contractor exception under section 460(e) from \$10 million in gross receipts to \$25 million, H.R. 1 corrects an unintended consequence of the 1986 tax reform that drew many small contractors into the administrative trap of percentage-of-completion and look-back accounting on multi-year construction contracts. And by indexing the figure to inflation, as Congress failed to do 30 years ago, the bill ensures that contractors will not face the same problem three decades from now.

We applaud your hard work during this process and encourage you to embrace this opportunity to create jobs, grow the economy and provide relief to working families and U.S. businesses. We urge Congress to deliver this final tax reform package that meets the goal of a simpler, fairer tax code not just for merit shop construction businesses, but all Americans.

Sincerely,

A handwritten signature in black ink, appearing to read "K Swearingen".

Kristen Swearingen  
Vice President of Legislative & Political Affairs